

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 OMB-01 CIAE-00 PM-07 INR-10 L-03

ACDA-19 NSAE-00 PA-04 RSC-01 PRS-01 SP-03 USIA-15

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FM USMISSION NATO

TO SECSTATE WASHDC 6627

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E.O. 11652: NA

TAGS: ECON, EFIN, NATO

SUBJECT: REPORT ON EXPORT CREDITS GRANTED BY NATO COUNTRIES  
TO COMMUNIST COUNTRIES

REF: STATE 118378

1. UPON RECEIPT OF EXIM REPORT ON CREDITS TO COMMUNIST COUNTRIES AND INR MEMO DESCRIBING USG DIFFICULTIES IN COMPILING COMPLETE DATA, US ECONAD DISCUSSED PROBLEMS RAISED IN MEMO WITH NATO ECONOMIC DIRECTOR LAULAN. THE TEXT OF LAULANS REPLY FOLLOWS. WOULD APPRECIATE DEPARTMENTS COMMENTS.

2. BEGIN TEXT. I REFER TO YOUR LETTER OF 20TH JUNE AND THE INTERNAL MEMORANDUM OF MRS M DRAY DATED 7TH MAY. THE LATTER ASSUMES THAT EXPORT CREDITS OFFICIALLY BACKED WHICH ARE REPORTED TO THE NATO SECRETARIAT ARE PUBLIC CREDITS. THIS, HOWEVER, IS NOT THE CASE. EXPORT CREDITS OFFICIALLY BACKED ARE PRIVATE CREDITS WHICH BENEFIT FROM GOVERNMENTS GUARANTEE COVERING COMMERCIAL AND POLITICAL RISKS CONNECTED WITH EXPORT TRANSACTIONS BETWEEN THE BUYER AND THE EXPORTER. CREDITS LINKED TO MAJOR EXPORT DEALS USUALLY BENEFIT FROM SUCH GUARANTEES; FOR SMALLER DEALS THE EXPORTER MAY WELL EXTEND CREDIT FACILITIES TO THE IMPORTER  
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WITHOUT A STATE GUARANTEE BUT SUCH ARRANGEMENTS, IN EAST/WEST TRADE RELATIONS, ARE FEW, AT LEAST IN WEST EUROPEAN COUNTRIES. THIS IS WHY THE NATO REPORTING PORCEDURE, DOCUMENT AC/127-D/331, DOES NOT REQUEST NATO MEMBERS TO REPORT ON EXPORT CREDITS WHICH

ARE NOT OFFICIALLY BACKED. IN ADDITION MANY EUROPEAN ALLIES INFORMED NATO THAT THEY HAD NO ACCESS TO DATA ON PRIVATE NON-GUARANTEED CREDITS AND, THEREFORE, IT WAS FELT PREFERABLE NOT TO INCLUDE IN THE DATA VERY FRAGMENTARY INFORMATION.

THE UNITED STATES HAS , IN THE PAST, REPORTED TO THE INTERNATIONAL SECRETARIAT EXPORT CREDITS EXTENDED TO COMMUNIST COUNTRIES GUARANTEED BY THE EXPORT-IMPORT BANK. THESE REPORTS HAVE , UNTIL NOW, CONFORMED TO THE NATO STANDARD FORM- APPROVED BY ALL COUNTRIES- WHICH : (1) DIVIDES UP NEW CREDITS OF A DURATION OF SIX MONTHS TO FIVE YEARS, AND LONGER CREDITS OF OVER FIVE YEARS, (2) DISTINGUISHES SHORT AND LONG TERM CREDITS OUTSTANDING, AND INCLUDING NON-DISBURSED CREDITS, AND (3) GIVES THE AMORTIZATION SCHEDULES.

EXPORT CREDITS BACKED BY THE UNITED STATES CCC (COMMODITY CREDIT CORPORATION) WHICH ARE BECOMING IMPORTANT, WILL NEED TO BE INCORPORATED IN THE FUTURE REPORTS AS GOVERNMENT BACKED EXPORT CREDITS.

THE NATO REPORTING SYSTEM DOES, IN FACT, CONFORM TO THAT ADOPTED IN THE OECD AND SHOULD, THEREFORE, POSE NO SERIOUS DIFFICULTIES TO THE UNITED STATES AUTHORITIES.

IT WOULD SEEM UNLIKELY THAT CREDIT GUARANTEEING ORGANIZATIONS IN THE UNITED STATES (EXIMBANK AND CCC) SHOULD HAVE NO INFORMATION ON THE AMORTIZATION SCHEDULES.

AS REGARDS EXPORT CREDITS, WHICH DO NOT BENEFIT FROM STATE GUARANTEE, AND YET MAY WELL BE INCREASING IN VOLUME (IN PARTICULAR IN THE USA), EVEN IF A DETAILED AND COMPLETE COUNTRY BREAKDOWN IS NOT AVAILABLE, THE SECRETARIAT WOULD WELCOME SOME INFORMATION ABOUT THE AMOUNT GRANTED TO ALL COMMUNIST COUNTRIES, TO THE SOVIET UNION, TO EASTERN EUROPE AS A WHOLE AND TO CHINA. THIS INFORMATION COULD BE GIVEN IN A FOOTNOTE IN OUR DOCUMENT WITHOUT SPECIFYING ITS ORIGIN.

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THE CREDITS LISTED UNDER PARAGRAPH 6 (A TO H), DO NOT SEEM TO COME WITHIN THE SCOPE OF OUR NATO PROCEDURE. THE STATEMENT IN PARAGRAPH 10 RAISES THE QUESTION AS TO THE VALIDITY OF THE INFORMATION MADE AVAILABLE SINCE 1971 BY THE UNITED STATES AUTHORITIES TO THE INTERNATIONAL SECRETARIAT ON EXPORT CREDITS EXTENDED TO COMMUNIST COUNTRIES. THE SECRETARIAT IS IN NO POSITION TO VERIFY THIS STATEMENT AND WOULD CERTAINLY WELCOME ANY CLARIFICATIONS ON THIS POINT BY THE UNITED STATES OFFICIALS.

AS FOR MODIFYING THE NATO REPORTING PROCEDURE-WHICH HAS BEEN LABORIOUSLY SET UP OVER 15 YEARS AND IS WORKING-THIS SHOULD

BE AVOIDED AS MUCH AS POSSIBLE, SINCE IT WOULD IMPLY THAT THE  
OTHER NATO COUNTRIES WHICH EXTEND CREDITS TO COMMUNIST  
COUNTRIES WOULD ALSO HAVE TO BE ASKED TO ADJUST THEIR REPORTS TO  
A NEW FORM (ITSELF BASED ON THE UNITED STATES PROCEDURE),  
A SOLUTION WHICH IS FAR FROM LIKELY TO BE ACCEPTABLE TO THEM.  
IN ADDITION, THE PROCEDURE WAS FULLY APPROVED BY THE UNITED  
STATES AND IS BASED COMPLETELY ON PROCEDURES EXISTING IN OECD  
AND IBRD ( IN THIS REGARD REFER TO DOCUMENT ED/EC/70/2  
DATED 11 TH JUNE 1970, AND ANNEX, AND TO OECD DOCUMENT C(66)100  
DATED 20TH OCTOBER 1966). END TEXT. RUMSFELD

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**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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